

A Third, Better Way to Replace Social Security

William Nunnally

Provide guaranteed retirement safety net, provide capital for growth of the economy, provide for personal unemployment insurance, provide for end of life medical expenses, and provide for growth in the wealth and security of families:

All through American Wealth Accounts (AWA)© (www.Tea-publican.org)

The prime objective of the AWA program is to transfer safety net retirement funds from Government control (Social Security lock box that does not exist), company control (pension funds) and union control (pension funds) and place each citizen in control of their own safety net retirement funds. The AWA retirement safety net offers the opportunity to replace Social Security with the following benefits:

- a. Provide every citizen a safety net retirement fund that is preserved and passed on future generations
- b. Provide safety net retirement income independent of income taxes
- c. Provide guarantee returns that exceeds inflation and cost of living increases
- d. Provide an enormous source of capital for growth of the economy
- e. Provide a way to cover end of life medical expenses
- f. Provide unemployment benefits
- g. Provide an emergency income to help pay mortgage
- h. Involve Government only in supervision of the retirement funds

The AWA Retirement System is similar, but far superior to present individual retirement accounts with the following provisions:

1. AWAs will be owned by each citizen as an alternative to social security and government regulated in a local FDIC bank.
2. The guaranteed interest rate on an AWA will be defined by Congress as, for example, 2-3 % in excess of the prime rate or the cost of living rate each year, whichever is largest.
3. The federal and state governments will be required to borrow from AWA accounts before borrowing funds off shore. If citizens have to pay interest on the government loans, the proceeds should go to the citizens instead of foreign bond holders.
4. All funds related to AWA will be tax free. Funds going into the principal will not be taxed and interest funds taken from the account will not be taxed. When the US pays interest on Chinese bonds, the Chinese do not pay taxes, so why should citizens.
5. When a citizen's AWA account reaches the maximum value, for example \$500k or \$1,000,000, additional employer contributions will be converted to salary so that every citizen is now responsible for all retirement in excess of the safety net AWA.

6. The principal of an AWA will become eternal and remain in America's bank accounts forever, to be passed on to relatives, independent of income taxes when the owner dies.
7. Retirement safety net income for the owner will result from the interest generated on the account at an age determined by the owner. Citizens can retire or start new jobs at will because the foundation retirement system will remain independent of employment.
8. At the start of the AWA system, each citizen can choose the present social security system or the AWA system. Only existing Social Security accounts will have the opportunity to be continued and AWA account holders will not have any lien on the government for retirement income.
9. Those choosing the AWA system will have their previously generated Social Security payments and interest accumulated at a rate set by congress, transferred to their AWA accounts. Follow on payroll deductions from paychecks and employer contributions will be deposited directly into each worker's AWA.
10. In order to completely fund the AWA system during the change, the FED will purchase "social security lock box" treasury bills instead of quantitative easing.
11. Every Registered Guest Worker and non-citizen employed in the US can also establish an AWA that will follow the same rules as citizen AWAs.
12. Every government employee, including city, state and federal workers, will be transferred to the AWA system. In this manner, government workers will have the same retirement safety net as any other citizen and be responsible for their own retirement. More importantly, government employee expenses will be transparent in that benefit packages cannot be used to hide government employee total remuneration.
13. The AWA system provides FDIC Banks with nearly an unlimited source of funds for lending and growth of the economy. In this manner, the bankers must be on top of their game and make good loans. Bankers will then become the good guys, overseeing the security net wealth of the nation
14. A major benefit of the AWA is that the interest from an AWA will be used to pay for end of life medical expenses before the principal amount is divided and transferred to the AWAs of heirs.
15. Another major benefit is that the interest gained monthly can be used as unemployment stipend of those who need the funds when unemployed. Those who work can choose to take the interest per month or build the principal.
16. A third major benefit is any citizen with an AWA can retire at any time. Double dipping for retirement is not possible.
17. Artist and entrepreneurial citizens can fill their AWA and then be provided for life without burdening others.
18. Parents and friends of handicapped citizens can fund the fund the handicapped AWA account and provide for continued support.

The American Wealth Account approach will fix the retirement safety net problem for ever, not just postponing the inevitable. More importantly, I predict that most people who are able will choose the AWA approach because it puts them in charge of their

safety net, builds the safety net of their children, and grows the long term wealth of a family. A second step is redistributing work to grow wealth of the poor as detailed at Tea-publican.org, Commitment No. 2.